

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7098**

**BILL NUMBER:** HB 1297

**NOTE PREPARED:** Feb 23, 2010

**BILL AMENDED:** Feb 18, 2010

**SUBJECT:** Financing Public University Projects.

**FIRST AUTHOR:** Rep. Klinker

**FIRST SPONSOR:** Sen. Hershman

**BILL STATUS:** 2<sup>nd</sup> Reading - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill provides that the law on swap agreements does not limit Ivy Tech Community College's general investment policies. It permits proceeds from a temporary borrowing to be used for building or facility construction costing more than \$500,000 or for the purchase or lease-purchase of land, buildings, or facilities with a value of more than \$250,000. It permits electronic transfers to be used for performance bonds. The bill specifies conditions for grant anticipation notes concerning acquisition and improvement of building facilities and equipment.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** (Revised) The bill has several provisions that may streamline the state educational institutions' bonding and financing. It is unknown how the bill might affect this financing.

The bill defines "check" to include electronic transfer by wire or other similar means for the 1% -of- principal check required for the institution in accepting a bid for bonds, other than a bid submitted by the federal government.

The bill increases from 80% to 100% of the grant as the amount a state educational institution can borrow in grant anticipation loans. The bill also requires the repayment of the loan to be structured so as to amortize and pay interest on the loan in accordance with anticipated receipts of the grant.

**Background:** The 2009 General Assembly authorized \$472.15 M in bonding authority for state educational institutions. Of the \$472.15 M authorized, \$281.35 M was eligible for fee replacement.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** State educational institutions.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.